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# GOVERNMENT GAZETTE

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### SUPPLEMENT

(SUPLEMENTO)

#### GOVERNMENT OF GOA, DAMAN AND DIU

Directorate of Accounts

General Letter

DA/IT/3

*Subject:* Deduction of Income Tax from salaries during 1963-64.

In continuation of this office General letter no. DA/IT/2 dated 19-4-63 (Published in Government Gazette—Supplement no. 17 Series II dated 25-4-63), the Government of India, Ministry of Finance (Department of Revenue's) letter no. F. No. 29/2/63-IT (A1) dated 25-4-63 is reproduced below for information and guidance of all Government officers.

G. M. Muzumdar, Director of Accounts.

Panjim, 9th May, 1963

Copy of the Government of India, Ministry of Finance letter no. F. No. 29/2/63. It (A1) dated 25-4-63 addressed to all State Government's etc.

*Subject:* Income-tax Deduction from salaries during 1963-64.

I am directed to invite a reference to this Ministry's letter F. No. 29/2/63-IT (A1) dated the 22nd March, 1963, on the subject mentioned above.

2. The Finance Bill, 1963 has been passed by the Lok Sabha on 20th April, 1963 without any changes in the rates of Income-tax and super-tax and surcharges proposed therein in regard to income-tax under the head «salaries» liable to deduction of tax at source. The Bill is now under consideration by the Rajya Sabha and, after receiving the assent of the President, it is expected to be passed into law by the end of April, 1963. The salaries disbursed hereafter will therefore be liable to deduction of tax at source in accordance with the rates specified in the Finance Bill, 1963 subject, of course, to adjustments for any short deductions for the earlier period during the financial year. You are, therefore, requested to deduct tax in accordance with the rates specified in the en-

closed extracts of Part I and Part II of the First Schedule to the Finance Bill, 1963, from the salary bills drawn by you for disbursement hereafter, after making the necessary adjustments for any short deductions for the earlier period. In this connection, the changes introduced by the Finance Bill, 1963, in so far as deduction of tax from salaries is concerned and the provision of the Compulsory Deposit Scheme Bill, 1963 having a bearing on the deduction of additional surcharge on income-tax are briefly explained in the following paragraph.

3. As stated in para 2 of this Ministry's letter of even number dated the 22nd March, 1963, the rates of income-tax and super-tax continue to be the same as were applicable in respect of the financial year 1962-63. The rates of the *existing* surcharge for purposes of the Union and of the special surcharge on income tax and super-tax also remain unaltered. The changes made are as follows:

- (i) The total income limit of Rs. 7500 up to which the *existing* surcharge on income-tax was hitherto not leviable has been abolished. The surcharge will now be leviable on all incomes on which income-tax is payable, even where the income is below Rs. 7500.
- (ii) An additional surcharge on income-tax for purpose of the Union has been introduced. This surcharge will be calculated on the assessee's residual income, i. e., total income as reduced by the *gross* amount of income-tax and super-tax payable thereon. The gross amount of tax is the full amount of income-tax and super-tax chargeable on the total income *before* allowing any rebate on account of provident fund contributions or payment of life insurance premia etc. The rates at which this surcharge will be leviable have been specified in the enclosed schedule. This surcharge will be deductible at source from the salary income.

It should be carefully noted that *no rebate of additional surcharge* is admissible in respect of provident fund contributions and payments of life insurance premia or contributions to the National Defence Fund etc.

Another important point to be noted in regard to the additional surcharge is that there is a provision in clause 4 (4) of the Compulsory Deposit Scheme Bill, 1963, which is now under consideration of the Lok Sabha, for allowing a certain reduction in the amount of the additional surcharge deductible at sources from the salary income, if the employee makes a deposit under the Compulsory Deposit Scheme Bill and satisfies the disbursing office of the fact of having made the

deposit. The reduction admissible is of an amount equal to 3% of the residual income falling within the first slab of Rs. 6000, and 2% of the residual income exceeding the aforesaid slab of Rs. 6000, provided that the employee deposits an equivalent sum under the Compulsory Deposit Scheme. If the amount so deposited is smaller, the reduction in the additional surcharge will be limited to that sum and if no deposit is made no reduction will be admissible.

However, the compulsory deposit scheme has not yet been finalised. It is expected to be finalised before the end of June, 1963. Pending the introduction of the scheme, the employees will not be able to make the required deposits. At the same time, if the full amount of the additional surcharge is deducted from their salaries in the intervening period, they may suffer from hardship. Normally, all employees may be expected to make the deposits voluntarily when the compul-

sory deposits scheme comes into force in order to avail themselves of the reduction from the additional surcharge. Considering this position it has been decided that for the present, till the month of August, 1963 (the pay for which is due on 1st September, 1963) the deduction of additional surcharge from salaries may be restricted to the net amount which would be payable after reducing the full amount by a sum equal to 3% of the residual income up to Rs. 6000 and 2% of the balance of the residual income.

A further communication will follow when the deposit scheme is brought into force.

4. The points mentioned in para 3 of this Ministry's letter of even number dated 22nd March, 1963, should also be kept in view in making deduction of tax at source from salaries during the current financial year.

## The First Schedule

## PART. I

### Income-Tax and Surcharges on Income-Tax

Paragraph A

(i). In the case of every individual who is married and whose total income does not exceed Rs. 20,000/-.

### Rates of Income-Tax

|                  | Where the individual has no child wholly or mainly dependent on him | Where the individual has one child wholly or mainly dependent on him | Where the individual has more than one child wholly or mainly dependent on him |
|------------------|---|--|--|
|                  | Rs.   | Rs.  | Rs.  |
| (1) On the first | 3,000 of total income   | 3,300 of total income  | 3,600 of total income.   |
| (2) On the next  | 2,000 »   | 1,700 »  | 1,400 » Nil  |
| (3) On the next  | 2,500 »   | 2,500 »  | 2,500 » 3%   |
| (4) On the next  | 2,500 »   | 2,500 »  | 2,500 » 7%   |
| (5) On the next  | 2,500 »   | 2,500 »  | 2,500 » 10%  |
| (6) On the next  | 2,500 »   | 2,500 »  | 2,500 » 12%  |
| (7) On the next  | 2,500 »   | 2,500 »  | 2,500 » 15%  |
| (8) On the next  | 2,500 »   | 2,500 »  | 2,500 » 20%  |
|                  |   |  | 2,500 » 23%  |

(ii) In the case of every individual who is not married and every individual whose total income exceeds Rs. 20,000/-.

| Where the individual has no child wholly or mainly dependent on him | Where the individual has one child wholly or mainly dependent on him | Where the individual has more than one child wholly or mainly dependent on him |
|---|--|--|
| (1) On the first — — — — —  | 1,000 of total income  | Nil  |
| (2) On the next — — — — —   | 4,000 »  | 3%   |
| (3) On the next — — — — —   | 2,500 »  | 7%   |
| (4) On the next — — — — —   | 2,500 »  | 10%  |
| (5) On the next — — — — —   | 2,500 »  | 12%  |
| (6) On the next — — — — —   | 2,500 »  | 15%  |
| (7) On the next — — — — —   | 2,500 »  | 20%  |
| (8) On the next — — — — —   | 2,500 »  | 23%  |
| (9) On the balance of total income .....                            |  | 25%  |

Provided that for the purposes of this Paragraph —

- (i) no income-tax shall be payable on a total income which does not exceed the limit specified below;
- (ii) the income-tax payable shall in no case exceed half the amount by which the total income exceeds the said limit;
- (iii) the income-tax payable by an individual who is married and whose total income exceeds Rs. 20,000 shall not exceed the aggregate of —
  - (a) the income-tax which would have been payable if the total income had been Rs. 20,000;
  - (b) half the amount by which the total income exceeds Rs. 20,000;

The limit aforesaid shall be Rs. 3,000.

### Surcharges on Income-Tax

The amount of income-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:—

- (a) a surcharge for purposes of the Union equal to the sum of —
- (i) two and a half per cent of the amount of income-tax calculated at the average rate of income-tax

on the income under the head «salaries» included in the total income:

- (ii) .....  
(iii) where the earned income included in the total income exceeds Rs. 1,00,000, ten per cent. of the difference between the amount of income-tax which would have been payable on the whole of the earned income included in the total income if such earned income had been the total income and the amount of income tax payable on a total income of Rs. 1,00,000;  
(b) .....

Provided that the surcharge for purposes of the Union shall not exceed half the amount by which the total income as reduced by the amount of income-tax payable by the assessee exceeds the limit specified below:—

The limit aforesaid shall be Rs. 3,000.

- (c) an additional surcharge for purposes of the Union calculated on the amount of the residual income at the following rates, namely:—
- |   |     |
|---|-----|
| (i) on the first Rs. 6,000 of the residual income   | 4%  |
| (ii) on the next Rs. 9,000 of the residual income   | 6%  |
| (iii) on the next Rs. 12,000 of the residual income | 8%  |
| (iv) on the next Rs. 15,000 of the residual income  | 9%  |
| (v) on the balance of the residual income           | 10% |

Provided that —

- (i) no additional surcharge shall be levied where the residual income does not exceed the limit specified below;
- (ii) the additional surcharge shall in no case exceed the aggregate of the following sums, namely: —
  - (a) an amount calculated at three per cent. on so much of the amount of residual income as does not exceed the limit specified below;
  - (b) one-half of the amount by which the residual income exceeds the limit specified below.

The limit aforesaid shall be —

- (i) .....
- (ii) Rs. 3,600 in the case of every individual who has more than one child wholly or mainly dependent on him.
- (iii) Rs. 3,300 in the case of every individual who has one child wholly or mainly dependent on him.
- (iv) Rs. 3,000 in every other case.

PART. II

Super-Tax and Surcharges on Super-Tax

Paragraph A

In the case of every individual

Rates of Super-Tax

- (1) On the first Rs. 20,000 of total income ..... Nil
- (2) On the next Rs. 5,000 of total income ..... 8%

- (3) On the next Rs. 5,000 of total income ..... 18%
- (4) On the next Rs. 10,000 of total income ..... 22%
- (5) On the next Rs. 10,000 of total income ..... 32%
- (6) On the next Rs. 10,000 of total income ..... 40%
- (7) On the next Rs. 10,000 of total income ..... 45%
- (8) On the balance of total income ..... 47.5%

Surcharges on Super-Tax

The amount of super-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under: —

- (a) A surcharge for purposes of the Union equal to the sum of —
  - (i) two and half per cent. of the amount of super-tax calculated at the average rate of super-tax on the income under the head «Salaries» included in the total income;
  - (ii) .....
  - (iii) where the earned income included in the total income exceeds Rs. 1,00,000 ten per cent. of the difference between the amount of super-tax which would have been payable on the whole of the earned income included in the total income, if such earned income had been the total income and the amount of super-tax payable on a total income of Rs. 1,00,000;